

Division of Securities
Utah Department of Commerce
160 East 300 South
Box 146760
Salt Lake City, UT 84114-6760
Telephone: (801) 530-6600
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**BEFORE THE DIVISION OF SECURITIES
OF THE DEPARTMENT OF COMMERCE
OF THE STATE OF UTAH**

IN THE MATTER OF:

RICHARD KAY ZOLLINGER

Respondent.

**STIPULATION AND CONSENT
ORDER**

Docket no. SD-05-0076

The Utah Division of Securities, ("Division"), by and through its Director of Enforcement, Michael Hines, and Richard Kay Zollinger ("Zollinger" or "Respondent") hereby stipulate and agree as follows:

1. Richard Kay Zollinger was the subject of an investigation conducted by the Division into allegations that he violated certain provisions of the Utah Uniform Securities Act, (the "Act"), Utah Code Ann. § 61-1-1, et seq, as amended.
2. Zollinger and the Division have agreed to settle this matter by way of this Stipulation and Consent Order ("Stipulation").
3. Zollinger admits the jurisdiction of the Division over Zollinger and over the subject matter of this action.

4. Zollinger waives any right to a hearing to challenge the Division's evidence and present evidence on Zollinger's behalf.
5. Zollinger is represented by attorney Arden W. Lauritzen and is satisfied with the legal representation he has received.
6. From October 2004 to the present date, the Division has been conducting an investigation into this matter revealing:
 - a. Richard Kay Zollinger's last known address is 96 East 700 North in Millville, Utah.
 - b. Sometime in October 2000, in Cache County, Utah, Zollinger solicited Utah resident Kenton Turner ("Turner") to invest \$12,000 in a bearer bond described as "Series M #0857 Republic of Paraguay" (the "bond").
 - c. The bond offered and sold by Zollinger falls within the definition of a security under § 61-1-13 of the Act.
 - d. In connection with the offer and sale of the bond to Turner, Zollinger failed to provide Turner with the following material information:
 - I. The bond was issued in 1935;
 - II. The bond had no current value; and
 - III. Whether or not the bond was registered or exempt from registration.
 - e. In connection with the offer and sale of the bond to Turner, Zollinger told Turner his investment of \$12,000 would be repaid with interest within one to two months. Zollinger failed to return the investment within this time period.

- f. Based upon the above mentioned omissions of material fact and misrepresentations made by Zollinger, Turner purchased the bond from Zollinger for \$12,000 cash.
 - g. A search of the Division's records and the records of the National Association of Securities Dealers reveal that Zollinger has never been licensed to sell securities.
- 7. As of August 2, 2005, Zollinger has paid Turner a total of \$6,000. Pursuant to a signed agreement between Zollinger and Turner, Zollinger will pay Turner the remaining \$6,000 on or before February 1, 2006.
- 8. According to the Division's investigation, Zollinger violated §§ 61-1-1(2) and 61-1-3 of the Act by making misrepresentations and omissions of material fact in connection with the offer and/or sale of a security in Utah, and by selling a security without a license.
- 9. Zollinger admits the substance of the Division's investigative conclusions and consents to the Division entering an Order:
 - a. Preventing Respondent from selling or offering for sale, either directly or indirectly, registered or unregistered securities in or from the State of Utah for a period of five (5) years;
 - b. Requiring Respondent to pay Kenton Turner the remaining \$6,000 on or before February, 2006; and
 - c. Requiring Respondent to pay a fine of \$10,000 to the Division, \$4,000 of which is due upon execution of this Stipulation, with the remaining \$6,000 to be offset when and if Respondent pays Kenton Turner \$6,000 on or before February 2006.

10. Zollinger acknowledges that this Stipulation, upon approval by the Division Director, shall be the final compromise and settlement of this matter. Zollinger further acknowledges that if the Division Director does not accept the terms of the Stipulation, it shall be deemed null and void and without any force or effect whatsoever.
11. Zollinger acknowledges that the Stipulation does not affect any civil or criminal causes of action that third parties may have against Zollinger arising in whole or in part from Zollinger's actions.
12. This Stipulation constitutes the entire agreement between the parties herein and supersedes and cancels any and all prior negotiations, representations, understandings, or agreements between the parties. There are no verbal agreements which modify, interpret, construe, or otherwise affect this Stipulation in any way.
13. Violation of this Stipulation is a third degree felony pursuant to § 61-1-21(1) of the Act.
14. Zollinger has read this Stipulation, understands its contents, and enters into this Stipulation voluntarily. No promises or threats have been made by the Division, nor by any member, officer, agent, or representative of the Division, to induce Zollinger to enter into this Stipulation.

Utah Division of Securities

Date:

By:

MICHAEL HINES


Director of Enforcement

Date:

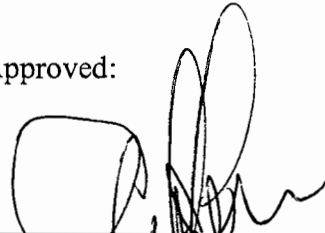
Dec 7, 05
Richard Kay Zollinger
RICHARD KAY ZOLLINGER

Respondent

Approved:


JEFFREY BUCKNER
Assistant Attorney General


Approved:


Arden W. Lauritzen
Counsel for Respondent

ORDER

The terms of the Stipulation and Consent Order defined above are hereby accepted and incorporated herein as a final order.

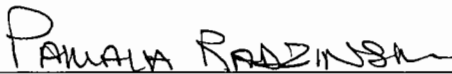
DATED this 14th day of December, 2005.


~~DAVID PREECE~~ Wayne Klein
Director, Utah Division of Securities

CERTIFICATE OF MAILING

I hereby certify that on the 15th day of December 2005, I mailed,
regular mail, a copy of the foregoing Stipulation and Consent Order to:

Arden W. Lauritzen
PO Box 171
Logan, UT 84323-0171



Executive Secretary